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*20.11.47
Delivered by
hand to EJB
JSW*

21 November 1947

GENERAL ADMINISTRATIVE INSTRUCTION NO.

PAYMENT OF FEDERAL INCOME TAXES AND FILING OF RETURNS

1. The Federal tax laws have provided for deferment of time for filing of returns and payment of income taxes in the case of American citizens who were outside the Americas or individuals who were in the military or naval forces of the United States.
2. However, the situation has been modified by Public Law 384, 80th Congress, 1st Session, approved 8 August 1947. Section 13 of that Act provides that the period of time in which individuals have to file returns and pay income taxes for years preceding 1947, shall not extend beyond 31 December 1947. Individuals may, in certain instances, request an extension of time for the filing of returns and payment of the tax, by submitting an application, in the form of a letter, before 1 January 1948, addressed to the Collector of Internal Revenue with whom the taxpayer intends to file his returns. If an individual desires to request such an extension, it is suggested that in cases where he has returned to the United States after 30 June 1947 and before 1 January 1948, that an extension be requested to the fifteenth day of the six month following the month in which he returned to the United States. Where the individual is still overseas on 31 December 1947, it is suggested that an extension be requested until 15 June 1948. However, interest of 6% per annum will be payable on the tax due from ~~the~~ 31 December 1947 until payment is made.
 - a. The above does not relate to income tax returns for 1947 or to declarations of estimated tax for 1948. Such returns and declarations, including tax payable, will be due on 15 March 1948 unless the taxpayer is then outside the United States, in which event, the due date for filing will be 15 June 1948. Where the payment of tax is postponed beyond 15 March 1948, the taxpayer will be required to pay interest at the rate of 6% per annum from the due date until payment is made. In other words, after 1 January 1948, taxpayers who are abroad or in the armed forces, must make payments of tax currently as if they were civilians residing in the United States in order to prevent payment of interest.

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3. It is recognized that it may be difficult for individuals at overseas installations to comply with the requirements of the Law regarding filing of returns and payment of tax for years prior to 1947 since forms and instructions probably will not be available. However, it is suggested that individuals who so desire may evidence their intent to comply with the laws by submitting to the Collector's Office a statement of income received, deductions and exemptions claimed. Such a letter should be worded to the effect:

"Here are the facts upon which my return and payment of tax will be based. If you will forward income tax blanks and instructions for the years indicated, I shall complete the returns, compute the tax, and forward the return to your office, together with the tax indicated to be due."

Such a procedure probably would prevent assessment of penalties, but interest would be payable at the rate of 6% per annum on the tax due from 31 December 1947 until payment is made. Also, as indicated above, individuals may apply for an extension of time for filing of such returns and payment of the tax.

4. All persons are reminded that the matter of filing the returns and payment of income taxes is primarily the responsibility of the individuals concerned. Where individuals have received salary payments from more than one source (vouchered funds headquarters is considered a separate source from unvouchered overseas), the employer (source of income) should be reported in accordance with information shown on the respective W-2 forms, i.e., the organization specifically named, or the United States Government.
5. In the event employees of the organization are questioned by the Bureau of Internal Revenue concerning the source of their income, or if the return is not accepted by reason of the fact that the source of income is not sufficiently detailed, such employees will notify Special Funds Division, OSO, immediately in order that the organization may take necessary action to avoid compromising security. If it becomes necessary to notify headquarters, all pertinent detail and papers should be forwarded, and the individuals should advise the Collector's Office which raised the question that further information will be sent as soon as it has been procured.

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cc: Mr. **SECRET**